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## High Arctic Earns 9 cents per Share in the Quarter ended March 31, 2010

**Red Deer, Canada – May 17, 2010** – High Arctic Energy Services Inc. (TSX: HWO) (“High Arctic” or the “Corporation”) today announced its results for the quarter ended March 31, 2010.

Commenting on the results, Bruce Thiessen, CEO, said, “I am very pleased with the 1st quarter operating results. Our Canadian operations, in particular, were well ahead of plan in a challenging environment. With an anticipated successful completion of the recently announced debt restructuring plan, we will have a platform to take advantage of future opportunities and to continue to improve our financial results”.

### Selected Comparative Financial Information

	Three Months Ended March 31		
	2010	2009	Change
\$ millions (except per share amounts)			
<b>Revenue</b>	34.6	41.8	(7.2)
<b>Operating earnings</b>	7.4	7.4	-
<b>Net earnings from continuing operations</b>	3.9	2.6	1.3
<b>Loss from discontinued operations</b>	(0.1)	(0.7)	0.6
<b>Net Income</b>	3.8	1.9	1.9
Per share (basic)	\$0.09	\$0.04	\$0.05
<b>EBITDA - continuing operations</b>	9.4	10.0	(0.6)
<b>Cash and cash equivalents</b>	32.1	26.7	5.4
<b>Credit facility and bridge loan</b>	50.7	92.0	(41.3)

### Overview of Results for Three Months Ended March 31, 2010

The Corporation was able to gain market share in Canada resulting in quarterly revenue that was largely flat and robust operating margins for the quarter, despite oil and gas drilling activity in Canada being at levels lower than in the first

quarter of 2009. Equipment utilization for the quarter was 65% in Canada. Revenue did decrease by 24% in Papua New Guinea explaining the drop in overall revenues for the quarter compared to 2009. The decrease in Papua New Guinea revenue is mainly attributable to a hydraulic workover rig not operating in the first quarter of 2010. The services in Papua New Guinea are provided under longer term contracts but remain vulnerable to fluctuations in the drilling activities of the primary customer.

The Corporation generated \$34.6 million in revenue from continuing operations during the quarter ended March 31, 2010; a decrease of \$7.2 million (17%) from revenue of \$41.8 million in the quarter ended March 31, 2009. Revenue from the Canadian operations was \$12.7 million during the first quarter of 2010 which was comparable with the 2009 first quarter revenue of \$12.9 million. Revenue from continuing international operations decreased by \$6.9 million (24%) to \$21.8 million for the quarter ended March 31, 2010 as compared to revenue of \$28.7 million during the quarter ended March 31, 2009.

Equipment maintenance schedules, upgrades and refurbishment plans are being reviewed to ensure that High Arctic remains the service provider of choice in its markets. Management continues to carefully manage the Corporation's input costs so as to keep them in line with the current activity and pricing levels. The Corporation took steps in early 2009 to adjust its cost structure, which included headcount reductions, wage and benefit reductions as well as engaging our vendors to help reduce overall costs. These initiatives continue to help the Corporation to control its oilfield expense and lessen the impact of revenue reductions on operating earnings, EBITDA and net income. Operating earnings from continuing operations was \$7.4 million for both the quarters ended March 31, 2010 and March 31, 2009. Continuing operations had EBITDA of \$9.4 million in the first quarter of 2010 compared to \$10.0 million in the first quarter of 2009.

The Corporation recorded net income of \$3.8 million (\$0.09 per share) in the first quarter of 2010, as compared to net income of \$1.9 million (\$0.04 per share) in the same period of 2009. Continuing operations had a net income of \$3.9 million (\$0.09 per share) during the first quarter of 2010 as compared to net income of \$2.6 million (\$0.06 per share) in the first quarter of 2009.

During first quarter of 2010 the Corporation sold three rigs which were not being actively utilized in the business and were classified as assets held for sale. The proceeds of \$14.7 million were used to reduce the senior debt of the Corporation. The senior debt level was \$50.7 million at March 31, 2010 as compared to a senior debt level of \$65.4 million at December 31, 2009 and \$92.0 million at March 31, 2009. The reduction in debt has resulted in interest expense decreasing by \$1.5 million (44%) from \$3.4 million in the first quarter of 2009 to \$1.9 million in the first quarter of 2010.

The cash and cash equivalents balance increased \$4.5 million to \$32.1 million at March 31, 2010 as compared to \$27.6 million at December 31, 2009. After consideration of working capital adjustments, cash provided by operating activities in the quarter ended March 31, 2010 was \$5.9 million, compared to cash provided by operating activities of \$6.8 million in the quarter ended March 31, 2009 (see *Cash Flow*). Capital spending related to continuing operations was \$1.5 million for the first quarter of 2010 which was primarily for new revenue generating assets for the Corporation's Papua New Guinea operations. This compares to capital spending of \$0.7 million in the first quarter of 2009 which was primarily on maintenance capital projects.

## **Non-GAAP Measure**

EBITDA (being earnings before the deduction of depreciation, amortization, interest expense and income taxes) is not a recognized measure under GAAP. Management believes that, in addition to net earnings, EBITDA is a useful supplemental measure of the Corporation's performance prior to consideration of how operations are financed or how results are taxed. Investors are cautioned that this should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Corporation's performance. The Corporation's method of calculating EBITDA may differ from the methods used by other issuers and, accordingly, it may not be comparable to similarly titled measures used by other issuers.

## **Forward-Looking Statements**

This news release may contain forward-looking statements relating to expected future events and financial and operating results of the Corporation that involve risks and uncertainties. Actual results may differ materially from management expectations, as projected in such forward-looking statements for a variety of reasons, including market and general economic conditions and the risks and uncertainties detailed in both the Corporation's Management Discussion and Analysis for the year ended December 31, 2009 and in the Annual Information Form for the year ended December 31, 2009 found on SEDAR ([www.sedar.com](http://www.sedar.com)). Due to the potential impact of these factors, the Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

## **About High Arctic**

The Corporation, through its subsidiaries, is a global provider of specialized oilfield equipment and services, including drilling, completion and workover operations. Based in Red Deer, Alberta, High Arctic has domestic operations throughout Western Canada. International operations are currently active in Papua New Guinea.

## **Further Information**

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